

Message Text

UNCLASSIFIED

PAGE 01 LISBON 06273 01 OF 03 121649Z POSS DUPE
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-02 INR-07 L-03
NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15
AGRE-00 AID-05 OPIC-06 EB-08 OMB-01 TRSE-00 SIL-01
LAB-04 ACDA-10 /105 W
-----126288 121843Z /44

R 121516Z AUG 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 2625
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

UNCLAS SECTION 1 OF 3 LISBON 6273

ALSO PASS AGRICULTURE FOR FAS, ERS, OGSM

E.O. 11652: N/A
TAGS: EAGR, PGOV, PINT, PO
SUBJECT: NEW AGRARIAN REFORM LAW FOR PORTUGAL

REF: (A) LISBON 5660 (DTG 220822Z JUL 77)
(B) LISBON 4555 (DTG 081819Z JUN 77)

SUMMARY: THE LEGISLATIVE ASSEMBLY ON AUG 10 GAVE FINAL
APPROVAL TO NEW AGRARIAN REFORM LEGISLATION. THE LAW RAISES
SIGNIFICANTLY THE AREA RESERVED TO FORMER OWNERS FOR THEIR
PRIVATE USE AND GIVES THE AGRICULTURE MINISTER BROAD
DESCRETIONARY POWERS. THE CONSOLIDATION OF SMALL HOLDINGS
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LISBON 06273 01 OF 03 121649Z POSS DUPE

OUTSIDE THE ORIGINAL AGRARIAN REFORM ZONE WILL BE
ENCOURAGED WITHOUT AFFECTING THE RIGHT OF PRIVATE OWNERSHIP.
END SUMMARY.

1. THE LEGISLATIVE ASSEMBLY ON AUGUST 10 GAVE ITS FINAL
APPROVAL TO THE GOVERNMENT'S AGRARIAN REFORM PROPOSALS
APPROVED IN GENERAL FORM ON JULY 22 (REF A). THE

ACCOMPANYING PSD BILL ON AGRICULTURAL RENTALS WAS ALSO APPROVED.

2. DRAFTING OF REGULATIONS TO GIVE OPERATIONAL DIRECTION TO NEW AGRARIAN REFORM LAW IS ALREADY UNDER WAY. ATTORNEY-ADVISER TO AGRICULTURE MINISTER ANTONIO BARRETO PREDICTS THAT REGULATIONS WILL BE COMPLETED AND LAW PUT INTO EFFECT IN OCTOBER OR NOVEMBER 1977.

3. FOLLOWING ARE HIGHLIGHTS, CONTROVERSIAL POINTS, OR DEPARTURES FROM THE 1975 LAW UNDER COVER OF WHICH SOME 2.5 MILLION ACRES OF RURAL LAND WERE OCCUPIED IN SO-CALLED INTERVENTION ZONE OF ALENTEJO AND RIBATEJO PROVINCES. THE 1975 LEGISLATION DEALT ONLY WITH LAND IN THE INTERVENTION ZONE -- WITH EXPROPRIATION OF LARGE ESTATES AND UNDER-UTILIZED FARMLANDS IN NON-IRRIGATED AREAS AND NATIONALIZATION OF IRRIGATED LANDS. FOCUS OF NEW LAW IS UPON ORIGINAL INTERVENTION ZONE, BUT IT ALSO SUGGESTS FIRST STEPS TOWARD IMPROVING THE LIVES AND PRODUCTIVITY OF INDEPENDENT SMALL FARMERS IN NORTHERN PORTUGAL (PARA 12, BELOW).

4. MINISTER OF AGRICULTURE AND FISHERIES HAS GREAT DISCRETIONARY POWERS UNDER NEW LAW. HE WILL BE FINAL DECISION-MAKER AND ARBITER (EXCEPT ON LEGAL QUESTIONS TAKEN TO COURTS) ON MATTERS OVER WHICH HE EXERCISES DISCRETIONARY AUTHORITY OR DICTATES SPECIAL LAWS COVERING

UNCLASSIFIED

PAGE 03 LISBON 06273 01 OF 03 121649Z POSS DUPE

SPECIFIC CASES -- THAT IS, ON QUESTIONS NOT COVERED SPECIFICALLY BY REGULATIONS. FOR EXAMPLE, HE MAY DETERMINE LENGTH OF A LEASE CONTRACT ON EXPROPRIATED OR NATIONALIZED (THUS, STATE-OWNED) LAND; HE MAY ALSO DETERMINE SIZE OF A FARMING UNIT, ITS FORM (WHETHER PRIVATE, COOPERATIVE, OR COLLECTIVE PRODUCTION UNIT/UCP), AND WHO OR WHICH ENTITY IS AWARDED LEASE CONTRACT. SINCE LEGAL TITLE DOES NOT EXIST PRESENTLY ON LAND TAKEN AWAY FROM FORMER OWNERS, IT WILL BE POSSIBLE FOR MINISTER, IF HE CHOOSES, TO REMOVE OCCUPATION RIGHTS FROM PERSONS OR ENTITIES HOLDING THEM NOW. AGRICULTURE MINISTER BARRETO'S ADVISER TELLS US WIDESPREAD TRANSFERS ARE UNLIKELY; MINISTER MUST DEAL WITH REALITY AND SO WILL LEAN TOWARD EXISTING PATTERNS.

5. IN ORDER TO GAIN PSD SUPPORT FOR AGRARIAN REFORM IN ASSEMBLY, PS AGREED TO CREATION OF COMMISSION OF FIVE DEPUTIES TO REVIEW CHALLENGES TO MINISTER'S DISCRETIONARY DECISIONS.

6. EXPLOITATION OF EXPROPRIATED OR NATIONALIZED LAND IN INTERVENTION ZONE WILL BE CAREFULLY REGULATED. THE STATE IS OWNER, AND THE OWNER WILL INSIST UPON BEST AND MOST EFFICIENT

USE ACCORDING TO STATE STANDARDS. ALL USERS, WHETHER PRIVATE

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LISBON 06273 02 OF 03 121715Z POSS DUPE
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-02 INR-07 L-03
NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15
AGRE-00 AID-05 OPIC-06 EB-08 OMB-01 TRSE-00 SIL-01
LAB-04 ACDA-10 /105 W

-----126974 121844Z /44

R 121516Z AUG 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 2626
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

UNCLAS SECTION 2 OF 3 LISBON 6273

ALSO PASS AGRICULTURE FOR FAS, ERS, OGSM

OPERATORS, COOPERATIVES, OR UCP'S, WILL PAY RENTAL TO STATE.

7. EMBASSY UNDERSTANDS THAT MINISTER, WHO OPPOSES HUGE
FARMING ESTATES WHETHER RUN COLLECTIVELY OR, AS IN PAST, BY
LAND BARONS, IS LIKELY TO ORDER THE PARTITION OF SOME THAT ARE
TOO LARGE AND UNWIELDY TO BE EFFICIENT. PRICE EXAMPLE IS A
SINGLE UCP ON WHICH MORE THAN 1,000 WORKERS CONTROL 28,000
HECTARES. MINISTER AIMS AT MORE INTENSIVE TYPE OF AGRICULTURE
TO REPLACE EXTENSIVE PATTERN NOW PREVAILING IN ALENTEJO, AND
HE WANTS TO DIVERSIFY CROPS TO REPLACE MONOCULTURE. INTENSI-
FICATION AND DIVERSIFICATION ARE KEY OBJECTIVES OF NEW LAW,
AND CREDITS AND SUBSIDIES ARE TO BE READILY AVAILABLE TO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LISBON 06273 02 OF 03 121715Z POSS DUPE

PROMOTE RESEARCH AND ACTION TO THESE ENDS.

8. COMMUNIST PARTY HAS FORECAST 50,000 TO 100,000 WORKERS WILL BE JOBLESS IF AND WHEN NEW LEGISLATION IS IMPLEMENTED. MINISTRY SOURCES DISAGREE; THEY SAY NEW AGRARIAN REFORM PATTERN WILL DISPENSE WITH NO MORE THAN THE NUMBER OF REDUNDANT LABORERS WHO WERE ON THE PADDED PAYROLLS OF COLLECTIVES IN 1975, ESTIMATED AT 20,000 TO 30,000. THE MINISTRY BELIEVES THOSE ULTIMATELY DISPLACED WILL ADD ONLY SLIGHTLY TO TOTAL UNEMPLOYMENT, AND MOST CAN BE ABSORBED IN CONSTRUCTION AND LIKE INDUSTRIES.

9. NEW LAW COMPRISES THREE MAIN CHAPTERS -- THE FIRST TWO ARE NEW ONES -- ON (1) LAND USE, (2) DEVELOPMENT, AND (3) LAND EXPROPRIATION AND EXPLOITATION. THREE IMPORTANT CHANGES WERE MADE IN THIRD CHAPTER:

(A) UNDER 1975 LAW, ELIGIBLE LAND WAS EXPROPRIATED AND, SUBSEQUENTLY, LEGAL RESERVE WAS RETURNED TO FORMER OWNER; NEW LAW SAYS THE RESERVE IS TO BE MARKED FIRST, AND THEN TRANSFER PROCESS MAY BEGIN FOR THE REMAINDER.

(B) OMITTED FROM OLD LAW BUT INCLUDED IN NEW ONE IS PROVISION, GUARANTEED IN CONSTITUTION, FOR STATE AID TO DEVELOP SMALL AND MEDIUM PROPERTIES.

(C) RURAL PROPERTIES ARE LIABLE TO EXPROPRIATION OR NATIONALIZATION IF THEY ARE EVALUATED AT 70,000 POINTS OR MORE INSTEAD OF FORMER 50,000 THRESHOLD. GOP LOOKS UPON FARM RATED AT BETWEEN 50,000 AND 70,000 POINTS AS "MEDIUM" OR "AVERAGE" OPERATION; PCP OPPOSITION CALLS 50,000-POINT FARM "BIG OR VERY BIG."

10. TWO OR MORE CO-OWNERS OF A RURAL PROPERTY MAY BE ENTITLED TO 70,000 POINTS APIECE IF EACH OWNER IS RESPONSIBLE FOR DIRECT EXPLOITATION OF A SEPARATE AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LISBON 06273 02 OF 03 121715Z POSS DUPE

DISTINCT PART OF FARM. IF -- IN ANOTHER EXAMPLE -- ONE OF CO-OWNERS LIVES ON LAND, WORKS IT, AND IS DEPENDENT UPON IT FOR HIS MAIN LIVELIHOOD, AND OTHER OWNERS OF SEPARATE PARTS LIVE AND WORK ELSEWHERE, FIRST OWNER IS ENTITLED TO 70,000 POINTS AND OTHERS TO NO MORE THAN 35,000 POINTS EACH.

11. FOR EACH OWNER OR GROUP OF CO-OWNERS TREATED SINGLY, THE RESERVE AREA, REGARDLESS OF POINT VALUE, MAY BE NO LARGER THAN 350 HECTARES ON FARMS WITH SOIL

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LISBON 06273 03 OF 03 121721Z POSS DUPE
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-02 INR-07 L-03
NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15
AGRE-00 AID-05 OPIC-06 EB-08 OMB-01 TRSE-00 SIL-01
LAB-04 ACDA-10 /105 W
-----127167 121842Z /44

R 121516Z AUG 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 2627
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

UNCLAS SECTION 3 OF 3 LISBON 6273

ALSO PASS AGRICULTURE FOR FAS, ERS, OGSM

IN "RICH" A AND B CATEGORIES AND 500 HECTARES FOR
"AVERAGE" (A TO E) SOILS. MINISTER MAY RAISE LATTER
LIMITATION AS HIGH AS 700 HECTARES WHERE LAND IS EXTREMELY
POOR, WHERE CROPS CANNOT BE GROWN IN FOREST OR PASTURE
LANDS, OR FOR SOCIAL REASONS SUCH AS WITH LARGE FAMILIES.
RESERVED LAND BECOMES PRIVATE PROPERTY UNDER NEW LAW;
OWNER MAY DISPOSE OF IT AS HE WISHES, WITH SINGLE PROVISIO
THAT STATE HAS FIRST PURCHASE RIGHTS FOR SIX YEARS.

12. FOR THE FIRST TIME SMALL HOLDINGS ARE ADDRESSED BY AGRARIAN
REFORM LAW. FOLLOWING IS INFORMAL TRANSLATION OF ARTICLE 45
(NEW DIMENSIONS FOR SMALL FARMS) AS IT APPEARED IN
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LISBON 06273 03 OF 03 121721Z POSS DUPE

AGRARIAN REFORM LAW PROPOSAL.

I. IN REGIONS CHARACTERIZED BY SMALL FARMS, NEW PHYSICAL

AND ECONOMIC DIMENSIONS WILL BE SOUGHT FOR LANDHOLDINGS,
WITHOUT AFFECTING RIGHT OF OWNERSHIP, BY FOLLOWING MEANS:
-) PROMOTING, AND OFFERING INCENTIVES FOR, FORMATION
OF HORIZONTALLY-INTEGRATED COOPERATIVES;
B) PROMOTING, AND OFFERING INCENTIVES FOR, FORMATION
AND OPERATION OF COMPLEMENTARY PRODUCTION COOPERATIVES;
C) PROMOTING THE LEASING OF ADJOINING OR COMPLEMENTARY
FARM UNITS, OR PARTS THEREOF, AS A WHOLE, BY OFFERING
INCENTIVES THROUGH AGENCY COORDINATING AGRARIAN REFORM
POLICY;
D) PROMOTING INTEGRATION OF LAND PARCELS BY
OFFERING INCENTIVES THROUGH AGENCY COORDINATING AGRARIAN
REFORM POLICY;
E) PROHIBITING DIVISION AND BREAKUP OF FARM
UNITS INTO SIZES SMALLER THAN MINIMUM ESTABLISHED FOR
AREA, AND BY OFFERING INCENTIVES TO PREVENT DIVISION
IN AREAS WHERE ALLOWED:
F) LIMITING TRANSFER OR LEASING OF FARM UNITS,
OR ANY OTHER FORM OF TRANSFER ESTABLISHING CLAIMS TO PROPERTY;
G) GRANTING OF RETIREMENT PENSIONS OR LIFE-
TIME RENTS TO INDEPENDENT FARM OPERATORS WHO, BY ALLOW-
ING THEIR UNITS TO BE ATTACHED TO OTHER UNITS, CEASE
FARMING ACTIVITIES.

II. AMONG INCENTIVES REFERRED TO IN IA. MAY BE CREDIT
CONCESSIONS, SUBSIDIES, CROP INSURANCE, PREFERENTIAL
CONDITIONS, ETC.

13. EMBASSY COMMENT FOLLOWS SEPTEL.
CARLUCCI

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, GOVERNMENT REFORM, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON06273
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770291-0492
Format: TEL
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770868/aaaacfdz.tel
Line Count: 307
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7853755b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 LISBON 5660, 77 LISBON 4555
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Aug-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1619647
Secure: OPEN
Status: NATIVE
Subject: NEW AGRARIAN REFORM LAW FOR PORTUGAL
TAGS: EAGR, PGOV, PINT, PO
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7853755b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009